

Choosing Between In-House, Outsourced, and Flexible Customer Service Models

The logo for Live Ops is centered at the bottom of the page. It consists of a white circle with a blue border, containing the text "live ops" in a dark blue, lowercase, sans-serif font. The circle is partially overlaid by a larger, semi-transparent blue arc that curves around its top and sides.

live
ops

Choosing Between In-House, Outsourced, and Flexible Customer Service Models: Identifying Key Factors and Solving Operational Pain Points

This whitepaper explores the advantages of **flexible workforce solutions** in contact centers and how they can complement traditional BPO staffing models. We will illustrate how Independent Contractors (ICs) provide on-demand scalability, drive efficiency, reduce operational costs, and elevate customer experience.

The analysis includes data-backed insights to help organizations identify the best **contact center solutions** for their needs.



Understanding Onshore, Nearshore, and Offshore Models

Onshore Contact Centers

Onshore contact centers are located within the same country as the business. They offer the advantage of complete cultural and linguistic alignment and are often preferred for industries requiring stringent compliance, highly empathetic service, and brand affinity.

According to the U.S. Bureau of Labor Statistics, the U.S. contact center industry employs approximately 2.7 million people, contributing over \$30 billion annually to the economy.

Onshore contact centers are often utilized by industries with sensitive data, such as healthcare and finance, due to strict data privacy and labor laws.





Traditional BPO Providers

Traditional BPO providers offer a scalable and cost-effective alternative to in-house teams. These third-party vendors typically manage **customer service solutions** with dedicated teams assigned to specific clients. They are well-suited for handling high-volume, low-complexity tasks, helping organizations reduce operational costs.

However, **traditional BPO providers** may lack the flexibility required for rapid adaptability and the brand alignment needed for certain specialized tasks.

Independent Contractors (ICs)

Independent Contractors (ICs) form a **flexible workforce** that provides **outsourced customer service remotely**.

The independent contractor model offers immediate scalability, making it ideal for handling fluctuating call volumes and seasonal peaks. Because Independent Contractors are hired remotely worldwide, they bring specialized expertise in various industries and services, including customer service, tech support, sales, and back-office operations.

The cost savings are significant, as organizations do not bear the burden of fixed salaries or benefits. According to the **Small Business Administration (SBA)**, the real cost of an in-house employee is typically **1.25 to 1.4 times more than their salary**, due to additional expenses and tax obligations. Also, by utilizing remote Independent Contractors, organizations save on costs associated with office space, utilities, and other overhead expenses.



**1.25 to
1.4x**

times more than their salary, due to additional expenses and tax obligations

Use Cases and When to Use Each Model

In-House Teams: Complex and High-Value Tasks

In-house teams are best suited for roles that require deep brand knowledge, proprietary processes, and high-value tasks.

These teams excel at handling tier-2 and tier-3 technical support, high-level escalations, and brand-sensitive customer interactions.



Key Use Cases:

Escalation Management:

Handling high-level customer issues that require in-depth knowledge of company policies.

Technical Support:

Managing complex troubleshooting for proprietary products or services.

Brand-Sensitive Interactions:

Ensuring quality and consistency for high-value customers or VIP accounts.



Traditional BPO Providers: High-Volume, Low-Complexity Tasks

Traditional BPO providers are effective for managing high call volumes with standardized, low-complexity tasks. This model is suitable when companies need **tier-1 support or basic inquiries**. BPO providers can deliver cost-efficient solutions but may lack the flexibility to adapt to rapid changes in demand.

Key Use Cases:

Tier-1 Customer Support:

Managing high volumes of straightforward customer inquiries.

Repetitive Tasks:

Handling routine processes that benefit from streamlined operations.

Independent Contractors: Flexible and Scalable Solutions

Independent Contractors offer unmatched flexibility and scalability for businesses facing fluctuating demand, seasonal peaks, or specialized needs. This model is particularly effective for handling short-term projects, niche expertise, or rapid scaling requirements.

Instant Scalability for Seasonal Fluctuations

Seasonal peaks and unplanned demand surges are no longer challenges with independent contractors. Companies can maintain consistent service quality during high-demand periods like holiday seasons or tax deadlines.

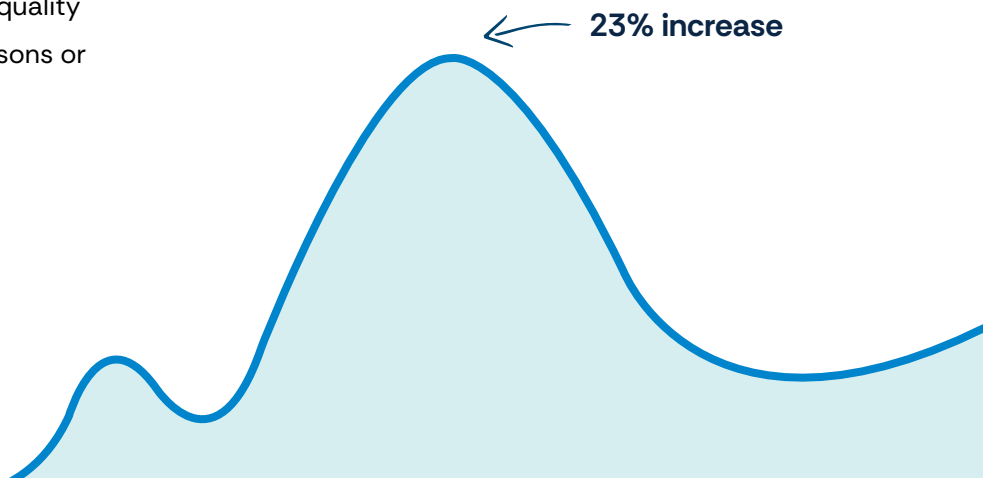
liveops + 

Real-World Example:

[A Fortune 100 global athletic apparel company](#) partnered with Liveops to seamlessly scale operations during peak seasons.

This approach allowed them to flex up to 300% of the forecasted volume and achieved a 23% improvement in CSAT scores.

[Read More](#)



Key Use Cases:

Rapid Ramp-Up and Ramp-Down:

Meet seasonal demand without overstaffing.

Access to Skilled Agents:

Quickly deploy agents with industry-specific expertise.

Cost Efficiency:

Avoid fixed costs by leveraging on-demand talent.

Agile Solutions for Daily and Weekly Surges

Businesses experiencing **intraday or intraweek** fluctuations benefit from the agility of independent contractors. This model ensures consistent coverage and timely responses during peak periods, such as Monday mornings or promotional events.

Real-World Example:

A leading medical transportation provider used Liveops to scale staffing for appointment-setting services. This ensured timely patient care during high-demand periods, improving operational efficiency and customer satisfaction.

Key Takeaways:

Real-Time Adjustments:

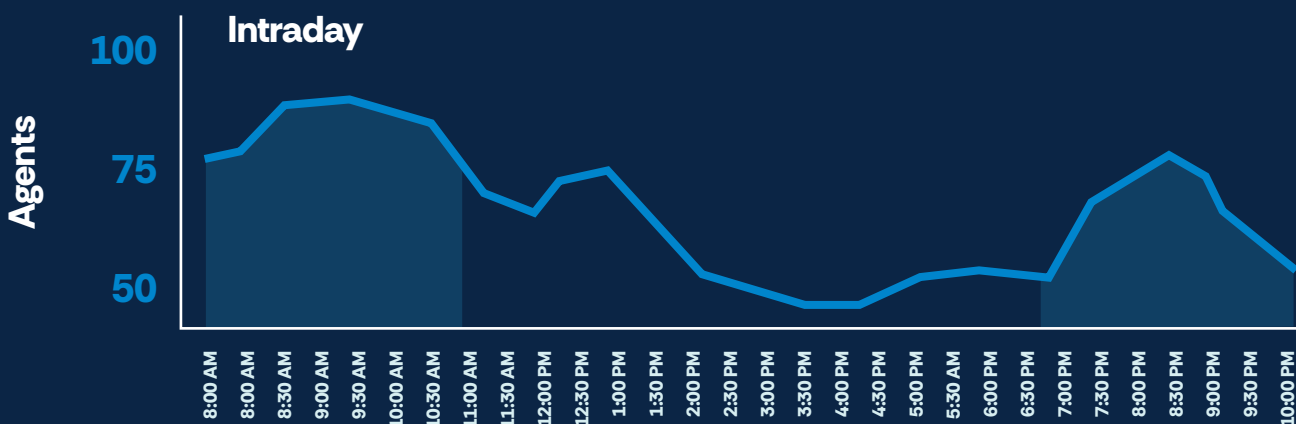
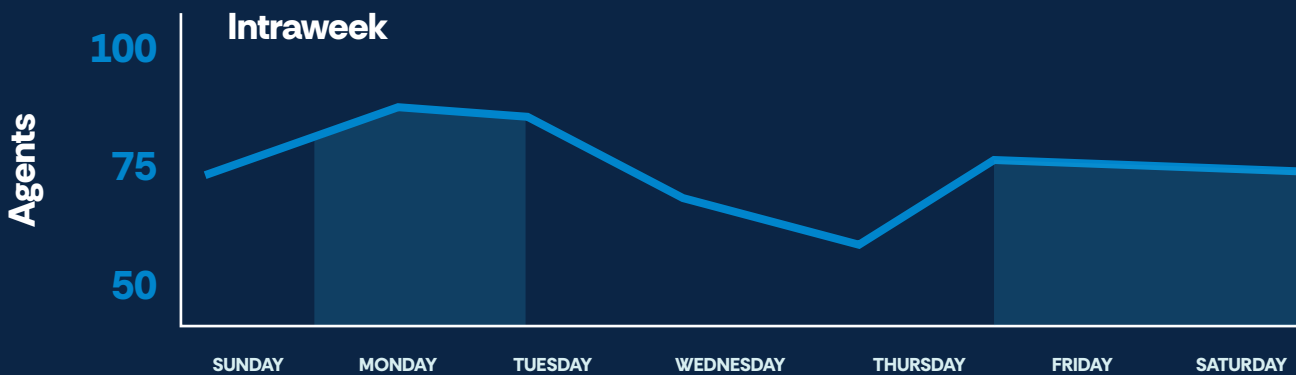
Adapt to daily call volume spikes.

Cost Savings:

Avoid overstaffing or understaffing, optimizing operational costs.

Enhanced Customer Experience:

Maintain consistent response times and service quality. Liveops' flexible workforce and contact center solutions empower businesses to adapt to these scenarios seamlessly, ensuring high-quality customer service while managing costs effectively.



Finding Agents That Perfectly Match Your Needs

One of the greatest advantages of leveraging a flexible workforce model is the ability to find exactly the right talent for your unique requirements.

Whether your business needs industry-specific experience, brand familiarity, or alignment with diversity and inclusion goals, Liveops' network of skilled agents offers unparalleled customization and precision in talent selection.

Industry-Specific Expertise

Certain industries require specialized knowledge that traditional staffing models may struggle to provide at scale. Liveops connects businesses with independent contractors who have experience in healthcare, financial services, retail, insurance, and more.

This ensures that every customer interaction is handled by someone with the right expertise to provide accurate, efficient, and empathetic service.

Brand Affinity and Prior Experience

A strong understanding of a company's brand, products, and customer expectations can significantly enhance service quality. Liveops can help businesses re-engage independent contractors who have previously serviced their brand, ensuring continuity and a faster ramp-up time.

Additionally, if a company prefers contractors located near physical stores, Liveops can prioritize those within a specific geographic radius.

Supporting Diversity, Equity, and Inclusion (DEI) Goals

Many organizations have initiatives to build a more diverse workforce, including hiring a certain number of minority, veteran, or disabled agents. Unlike rigid staffing models, Liveops allows businesses to tailor talent selection to align with their DEI objectives, ensuring a workforce that reflects their values and customer base.

By leveraging Liveops' extensive network, businesses can source precisely the right agents to meet their operational needs, customer expectations, and strategic objectives. No matter how specific the requirement, Liveops ensures a perfect talent match to drive success.



Cost Analysis of Customer Service Models

Understanding the cost implications of each customer service solution is essential for making informed decisions. Each staffing approach— in-house teams, traditional BPO providers, and independent contractors—comes with distinct cost structures that impact overall operational efficiency and profitability.

In-House Teams: High Fixed Costs and Overhead

In-house customer service teams are typically the most expensive option due to fixed salaries, benefits, office space, and infrastructure. According to the Society for Human Resource Management (SHRM), **the average cost per hire for an in-house employee is \$4,700, with additional annual expenses of 30% to 40% of their salary** for benefits and overhead.

Moreover, maintaining an in-house workforce requires investments in continuous training, equipment, and technology, which can further escalate costs. Scaling in-house teams to meet seasonal peaks often results in overstaffing during low-demand periods, driving inefficiencies and unnecessary expenses.



\$4700

average cost per hire for an in-house employee

30% to 40%

additional annual expenses of their salary for benefits and overhead.

Traditional BPO Providers: Moderate Costs with Scalability Limits

Traditional BPO providers offer a more cost-effective alternative to in-house teams, with lower labor costs due to economies of scale. However, these providers often charge fixed fees and require long-term contracts, which can limit flexibility.

For onshore services, the average cost of outsourced customer service through a traditional BPO ranges from \$25 to \$30 per hour, while offshore services typically range from \$10 to \$15 per hour.

While this model reduces overhead, businesses may still face inefficiencies if the BPO provider cannot adapt quickly to fluctuating demand or specific operational needs.

a report by Deloitte indicates that companies can realize cost savings ranging from

**40% to
60%**

by outsourcing customer service functions
[learn more](#)



Independent Contractors: Lowest Cost and Maximum Flexibility

The independent contractor model offers **the most cost-effective solution** for customer service. Independent contractors are paid only for the time they work, meaning companies save up to 35% by not paying agents during typical breaks, meetings, and social interactions. The contractor model also eliminates the need to pay benefits and infrastructure costs.

Businesses can reduce labor costs by as much as

**20% to
50%**

by leveraging independent contractors, compared to in-house employees or traditional BPO providers.

Additionally, independent contractors provide on-demand scalability, allowing organizations to ramp up or down quickly without the financial burden of idle staff. This model is particularly advantageous for handling seasonal surges, niche expertise, and short-term projects.

Employing a remote **independent contractor** model further enhances cost savings compared to in-person contact centers. Businesses save significantly on expenses related to office space, utilities, equipment, and maintenance according to [Global Workplace](#)

[Analytics](#)

\$11K

per year for each employee who works remotely at least half the time. These savings, combined with the flexibility to access a broader talent pool and reduce absenteeism, make **remote contact centers a highly cost-efficient solution** for modern customer service needs.

Liveops' flexible workforce and contact center solutions capitalize on the cost advantages of independent contractors, providing businesses with skilled agents who deliver high-quality service while maintaining cost efficiency. By adopting this model, organizations can achieve significant savings while enhancing their ability to adapt to fluctuating demand.

Optimizing with a Blended Approach

A **blended staffing strategy** that incorporates in-house teams, traditional BPO providers, and independent contractors offers a balanced and adaptable approach to customer service solutions. This mixed model allows organizations to optimize cost-efficiency, flexibility, and quality.

The resilience of a blended approach helps businesses adapt to unexpected surges or declines in demand. By using independent contractors for on-demand needs and BPO providers for high-volume tasks, organizations can maintain in-house teams for critical functions and escalations. This strategy also provides access to a diverse range of skills and industry-specific expertise, enhancing overall service quality.



Real-World Example: Liveops Case Study

For example, a **Fortune 100 global athletic apparel company** faced significant challenges meeting customer experience (CX) expectations due to the rigidity of their brick-and-mortar contact centers. The impacts of COVID-19, the Great Resignation, and unpredictable holiday demand exposed the limitations of their traditional approach.

[Read More](#)



By partnering with Liveops and adopting a blended approach that combined traditional BPO partners with Liveops' flexible workforce of independent contractors, the company achieved remarkable improvements:

300%

scalability to meet forecasted call volume during peak periods

23%

improvement in CSAT scores

10%

improvement in holiday SLA performance

Liveops provided immediate access to a distributed workforce of skilled agents, prioritizing brand affinity and quality connections. This approach allowed the client to respond to fluctuating demand, reduce average speed to answer, and consistently deliver high-quality customer interactions.

Liveops' innovative contact center solutions enabled the client to maintain service levels and improve overall CX, demonstrating the power of a flexible, scalable model in overcoming operational pain points.

CONCLUSION

Achieve Operational Excellence with Liveops' Flexible Contact Center Solutions

Liveops' flexible workforce model can transform customer service solutions by offering adaptability, cost savings, and access to specialized talent. By leveraging the flexibility and scalability of the independent contractor model, along with key advantages from in-house teams and traditional BPO providers, Liveops helps organizations design [contact center solutions](#) that address unique operational pain points and drive long-term success.

Our innovative, scalable approaches ensure that businesses can meet fluctuating demands seamlessly, maintain high service quality, and optimize operational efficiency.

[Learn More](#)

